

# MISSOURI QUALITY JOBS PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## PURPOSE

Facilitate new quality jobs by targeted business projects.

## AUTHORIZATION

Section 620.1875-620.1900, RSMo

## ELIGIBLE AREAS

Anywhere in the state of Missouri.

## ELIGIBLE BUSINESSES

For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, utilities regulated by the Public Service Commission, companies that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy. The average wage of the new jobs must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium.

- ✓ Average Wage: Total annual payroll of the new jobs divided by the average annual number of new jobs.

To qualify, the company must create a minimum number of new jobs at the project facility prior to the “deadline” date, based on the type of project:

- ✓ Small/Expanding businesses:
  - ✓ Rural areas: 20 or more new jobs within two years of the date of the DED proposal.
  - ✓ Non-rural areas: 40 or more new jobs within two years of the date of the DED proposal.  
*\*Non-rural areas would include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.*
- ✓ Technology businesses (classified by NAICS codes):
  - ✓ 10 or more new jobs within two years of the date of the DED proposal.
- ✓ High Impact businesses:
  - ✓ 100 or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of the DED proposal.

## PROGRAM BENEFITS

For “Small/Expanding” businesses, the benefits of the program are the retention of the state withholding tax of the new jobs. For “Technology” and “High Impact” businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable and/or sellable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements. The program benefits are calculated as follows:

- ✓ Small/Expanding businesses:
    - Retain 100% of the withholding tax of the new jobs, each year for:
      - ✓ **Three** years - if the average wage of new jobs is 100-119% of county average wage or
      - ✓ **Five** years - if the average wage of new jobs is 120%+ of county average wage.
  - ✓ Technology businesses:
    - **5%** of the payroll of the new jobs each year for five years; **plus:**
      - ✓ “Average Wage Bonus”.
    - Maximum annual tax credits per company are \$500,000. No limit on the withholding tax.
  - ✓ High Impact businesses:
    - **3%** of the payroll of the new jobs each year for five years; **plus:**
      - ✓ “Average Wage Bonus”
      - ✓ “Local Incentives Bonus”
    - Maximum annual tax credits per company are \$750,000 (or \$1 million, if approved by the Quality Jobs Task Force). No limit on the withholding tax.
- “Average Wage Bonus”** (company average wage as a percentage of county average wage):
- ✓ Greater than 120% and up to 140%: **1/2 %** bonus of payroll of the new jobs.
  - ✓ Greater than 140%: **1%** bonus of payroll of the new jobs.
- “Local Incentives Bonus”** (amount of local incentives provided to the project as a percentage of the amount of new local tax revenues derived from the project, over 10 years):
- ✓ 10-24%: **1%** bonus of payroll of the new jobs.
  - ✓ 25-49%: **2%** bonus of payroll of the new jobs.
  - ✓ 50% or more: **3%** bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new five-year period (three-year for small/expanding businesses) for the net new jobs created. There is no limit on the number of periods a company may use the program, as long as a new Notice of Intent is completed and minimum new job thresholds and other program qualifications are met.

**“New jobs”** are defined as full-time (35 or more hours/week), year-around employees of the company that are employed at the project facility, based on the increase from the “base employment” (the average employment for the twelve months prior to the date of DED’s approval of the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

## ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). Tax credits can only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

## FUNDING LIMITS

There is no annual cap on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$12,000,000 per calendar year, and are provided on a first-come basis.

## APPLICATION PROCEDURE

Upon the submission of a "Notice of Intent" by the business, DED will issue a confirmation to the business that will:

- ✓ Confirm that the type of project/business is eligible.
- ✓ Establish the date "base employment" is calculated.
- ✓ Reserve the estimated tax credits for the project.
- ✓ Establish the 2-year "deadline" date for the creation of the minimum new jobs to be eligible for the program.

## REPORTING

On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs.

## SPECIAL PROGRAM REQUIREMENTS

- ✓ A business cannot earn benefits for the same new jobs at the project facility under this program if earning benefits under any of the following state programs:
  - ✓ Missouri Enterprise Zone program or Enhanced Enterprise Zone program
  - ✓ Business Facility program
  - ✓ Rebuilding Communities program
  - ✓ Brownfield Jobs and Investment tax credits
- ✓ If a business utilizes the New Jobs Training Bond program, the Quality Jobs benefits would not include the withholding taxes but only the state tax credits.

Estimated state withholding taxes, based on adjusted gross income ("AGI"):

- ✓ AGI of \$19-25,000: 1.4%
- ✓ AGI of \$25-30,000: 2.3%
- ✓ AGI of \$30-35,000: 2.5%
- ✓ AGI of \$35-40,000: 2.7%
- ✓ AGI of \$40-50,000: 2.9%
- ✓ AGI of \$50-70,000: 3.1%
- ✓ AGI of \$70-85,000: 3.3%
- ✓ AGI of \$85-100,000: 3.4%
- ✓ AGI of \$100,000+: 3.7%

County average wages (effective until 7/1/07):

*Average county wages based on Census of Employment and Wages, MERIC. Updates to be made annually. Use 2,080 hours per year when converting from hourly to annual wages.*

County	Average Annual Wage	County	Average Annual Wage	County	Average Annual Wage
Adair	\$23,452	Greene	\$30,914	Ozark	\$17,862
Andrew	\$22,737	Grundy	\$23,816	Pemiscot	\$22,269
Atchison	\$21,086	Harrison	\$17,927	Perry	\$27,742
Audrain	\$27,300	Henry	\$26,312	Pettis	\$26,416
Barry	\$26,650	Hickory	\$17,173	Phelps	\$25,116
Barton	\$23,751	Holt	\$23,023	Pike	\$25,233
Bates	\$21,008	Howard	\$19,591	Platte	\$34,632
Benton	\$19,019	Howell	\$23,582	Polk	\$22,932
Bollinger	\$23,722	Iron	\$30,589	Pulaski	\$21,502
Boone	\$28,431	Jackson	\$41,119	Putnam	\$17,355
Buchanan	\$30,563	Jasper	\$28,795	Ralls	\$28,327
Butler	\$24,206	Jefferson	\$27,430	Randolph	\$26,065
Caldwell	\$23,348	Johnson	\$23,777	Ray	\$23,283
Callaway	\$33,579	Knox	\$19,331	Reynolds	\$25,363
Camden	\$23,582	Laclede	\$25,987	Ripley	\$17,615
Cape Girardeau	\$29,458	Lafayette	\$22,503	St. Charles	\$35,256
Carroll	\$22,256	Lawrence	\$23,855	St. Clair	\$17,043
Carter	\$16,497	Lewis	\$22,412	Ste. Genevieve	\$28,418
Cass	\$26,403	Lincoln	\$28,353	St. Francois	\$23,270
Cedar	\$18,642	Linn	\$24,453	St. Louis County	\$44,148
Chariton	\$21,840	Livingston	\$23,725	Saline	\$24,635
Christian	\$23,231	McDonald	\$23,881	Schuyler	\$18,785
Clark	\$19,214	Macon	\$22,581	Scotland	\$18,863
Clay	\$38,337	Madison	\$20,449	Scott	\$24,466
Clinton	\$23,569	Maries	\$23,205	Shannon	\$17,563
Cole	\$31,239	Marion	\$27,456	Shelby	\$22,152
Cooper	\$23,387	Mercer	\$29,172	Stoddard	\$23,595
Crawford	\$24,622	Miller	\$23,725	Stone	\$22,074
Dade	\$22,698	Mississippi	\$22,737	Sullivan	\$25,129
Dallas	\$18,304	Moniteau	\$22,165	Taney	\$23,023
Daviess	\$19,903	Monroe	\$20,683	Texas	\$21,320
Dekalb	\$20,852	Montgomery	\$23,322	Vernon	\$25,493
Dent	\$24,297	Morgan	\$20,722	Warren	\$26,728
Douglas	\$25,805	New Madrid	\$31,616	Washington	\$20,046
Dunklin	\$23,842	Newton	\$30,745	Wayne	\$18,161
Franklin	\$28,925	Nodaway	\$26,013	Webster	\$23,803
Gasconade	\$21,632	Oregon	\$19,188	Worth	\$17,121
Gentry	\$21,151	Osage	\$24,336	Wright	\$21,268
				St. Louis City	\$46,631

Statewide average of \$36,179 applicable to any county over the statewide average.

## CONTACT



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## ADDITIONAL RESOURCES

Go to the department's home page at [www.missouridevelopment.org](http://www.missouridevelopment.org) to obtain guidelines and forms for the Missouri Quality Jobs Program as well as a wealth of information regarding Missouri's many other economic development programs and policies.